



Keynote Address

By

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President of the Republic of Indonesia,**

**“ Revitalizing Indonesia:
Opportunity, Partnership, Progress ”**

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The Indonesia Infrastructure Summit 2005**

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Excellencies,
Ladies and gentlemen,
Dear friends,

Let me begin by welcoming all of you to this important conference on infrastructure. Especially to our international friends, I bid all of you a warm welcome to Indonesia. I hope you already feel at home here in my country, because after today we want you to make Indonesia your home, the home of your next investment. I am sorry : I could not resist making that sales pitch, but I promise you will hear more it later.

I wish we could meet today under happier circumstances. We gather here today in the midst of the most trying moment in the history of Indonesia : we are all still living the nightmare of the aftermath of the horrific earthquake and tsunami of last December 26th .

We have all seen the tragic scenes of grief and sorrow from our television. In fact, the worst day of my Presidency was when I saw with my own eyes the senseless death of my people and terrible devastation in Lhoksemauwe, Banda Aceh, and Meulaboh.

What I hope you will see and remember out of this horrible nightmare is the triumph of the human spirit. We hear countless heroic stories of soldiers who died while trying to save lives; we hear of a pregnant woman who survived at sea for days while keeping her unborn baby alive; we hear of rescue workers who braved the tsunami waves to save others; we hear of the courage of survivors who are determined to get on with life despite losing everything.

And to this day, the whole of Indonesia is united in tears and deeds : Indonesians of all age, from all walks of life and from all parts of

the country are trying to do whatever they could to show solidarity with their brothers and sisters in Aceh and North Sumatra. Clearly, the tsunami disaster has brought out the best in our national character : unity, compassion, solidarity, selflessness, sacrifice.

I want all of you to know that as you engage with my country, this is a spirit and quality of resilience that you will see in the great people of Indonesia.

Through each of you, our friends from all over the world, I also want to thank you and your respective Government and people and organizations for the tremendous international support, sympathy and solidarity shown for the Indonesian people in these trying times.

I easily admit that the tsunami disaster in Aceh and North Sumatra has consumed my Government attention and it is a matter of certainty that the task of rebuilding the devastated communities will continue to be our national priority.

But the other point is equally important : what happened in Aceh and North Sumatra does not in any way detract or distract my Government from achieving the things that we intended to do when we came into office : that is, to change Indonesia for the better. To make Indonesia more democratic, more prosperous, more just, more peaceful. In fact, the tsunami has only added greater urgency for us in achieving these national objectives.

Ladies and gentlemen,

You have all come here to discuss infrastructure development in Indonesia.

I stand here before you today to speak about 3 (three) themes that will be central to your deliberations : opportunity, partnership, progress. I think these 3

themes sum up the essence of what we are trying to do and what can be achieved by all of us, if we put our heads and resources together. And yes, this is where I begin my sales pitch to you.

First, opportunity.

When I was sworn-in as President in October last year, we set forth several economic targets to be achieved at the end of my Government's term.

We aim to decrease unemployment rate from 9.5 % in 2003 to 5,1 % in 2009.

We aim to reduce poverty rate from 16.6% in 2004 to 8.2% in 2009.

And we aim to accelerate economic growth from 4.5% in 2003 to 7.2% in 2009 so that in the next five years, the economic growth will achieve the average of 6.6 % per year;

Big ambitions ? Yes. Is it easy ? No. Are they achievable ? Certainly !
But as we took stock of our situation, our resources and our shortcomings, one glaring problem emerged : infrastructure, or more precisely, the lack of it thereof.

Blame it on the financial crises, blame it on other things, but the hard fact is that in the past few years, we hardly saw new roads, new toll roads, new ports, new telephone lines, new power plants. And according to conventional wisdom, poor infrastructure has been a key barrier to investment.

I do not tell you these things to paint a glass half empty. On the contrary, I tell you these things because I see a glass half full. Like all of you, I am an optimist who try to see an answer in every problem, unlike the pessimist who see

problem in every answer. And one of the answers to our economic future is clear enough : get more investments in infrastructure.

Because of the financial limitations of the Government, and because the Government's will mainly be as regulator and facilitator, our efforts to mobilize new investments in infrastructure is increasingly relying on the participation of the private sector, both domestic and international.

Here is where you come in. And here is why we are inviting all of you to this Infrastructure Summit conference in Jakarta. We invite you to be our partners. We invite you to take advantage of the huge opportunity to invest in our economy. We invite you to prosper together with us.

Beneath all the numbers and figures I mentioned earlier, lie your opportunity : opportunity to invest, opportunity to grow with us, opportunity to profit.

And If you wish to be remember any phrase of my speech tonight, I hope it will be this : "a new partnership". I do not speak of "partnership" as a fancy slogan or as a buzzword. I speak of "new partnership" as a concept that underscores my personal commitment and my Government's determination to promote a strong environment for business and entrepreneurship in Indonesia.

We offer you this new partnership in a variety of ways.

To promote this "new partnership", my Government is improving our tax policy and administration, including the improvement of the Draft Law on Taxation to reflect fair, efficient and clear principles.

We are pursuing trade and industry policies that aim to increase competitiveness, decrease costs, and removing those distortions that have obstructed investment and economic activities as a whole.

To improve and increase the supply of infrastructure, we are developing a stable and clear policy framework where the private sector can engage in effective partnership with the government, secure in the knowledge that the charges and tolls that generate income will be free of arbitrary political interference.

And as we proceed to implement a number of infrastructure programs, my Government is committed to provide the private sector with a healthy environment and firm project-by-project support as per tendered contracts, to implement supporting investments. Indeed, the most recent deregulations serve as clear examples of our determination to attract, enable and safeguard private sector investment. The international and domestic private sectors are now encouraged to invest on almost equal terms in new companies and projects in all of the industry.

My Government is also improving the workforce market, to make it more flexible so as to provide more employment openings.

For the medium-term, my Government is enacting programs to support greater private sector involvement through public-private partnership in infrastructure services and by removing all bureaucratic bottlenecks which currently inhibit private sector involvement.

My Government will also focus our own resources increasingly on sectors which are not commercially viable – such as rural roads and specific investments that help the poor and remote communities. My Government will see to it that the poverty alleviation program will be based on the improvement of access and quality of education, health and basic infrastructure such as water, road and irrigation. After all, we in Indonesia value infrastructure in terms of its contribution for promoting equity, justice and the general prosperity of society.

Furthermore, we continue to improve the legal climate for private sector investment, enshrined under the Capital Investment Law.

I happily note that the international component of investment is rising in response to a well established environment of sound fiscal and monetary management, freedom to enjoy the returns on investments, and a continual rationalizing of investment policies and procedures.

And since I know a lot you have a great interest in macro-economic stability, I can tell you that to maintain and sustain the macroeconomic stability, my Government is developing a fiscal policy to encourage economic growth prudentially; diminishing the risk of burden and public debt fluctuation; and improving expenditure cost of the government to favor poverty alleviation (pro-poor fiscal policy).

Ladies and gentlemen,

If we capitalize on the opportunity and harness our partnership, I am utterly convinced that we can make great progress together.

We know from experience that infrastructure is a key driver for our prosperity. I recall that between 1975 and 2002, Indonesia was able to achieve more than 30 years of robust growth precisely because of the high spending on infrastructure, and this also had the effect of decreasing poverty, from 64 to 18 percent.

We know that today the private sector can play an increasingly important role in offering investment, expertise, and improving competition.

So you will understand why I attach such great importance to infrastructure in my long-term development strategy, and why this topic of infrastructure never tires me. And given the disparity in the levels of development between the provinces, my Government is committed to pursue a policy of “infrastructure for all”, that is, to allocate investments in infrastructure in the more developed regions as well as to the less developed areas.

So there you have it : opportunity, partnership, progress.

In the next 2 days, you will be able to flesh out the details of the various opportunities that await you, how to develop partnerships, and how we can progress together.

You will have various briefing sessions, Q and A sessions and break-out groups where my Ministers will be totally at your disposal. And please, you don't have to be gentle with them. Feel free to rough them up. And I hope by so doing, you will know from our response that we mean business.

I began this speech with a sad note on the tsunami. I wish to end it with an upbeat word on the power of collaboration, which is the reason why we are engaged here today. Throughout my whole life, as a student, as a soldier, as a Government official, as a politician, and now as President, I have learnt much about the value of collaboration as a way to unlock the secret of success.

The power of collaboration is the power to create, the power to build, the power to change. I can only hope that through this infrastructure summit, each and everyone of you will find your own ways to many more collaborations that will allow us all to achieve great things to come.

With Indonesia's tremendous resources; with my Government's strong support; with your capital, technology and expertise; with the talents of Indonesian

people; with the huge market potential out there, and with our long term partnerships, I believe that we can do very well to harness our respective productive potentials.

I now come to the most pleasant part of my speech, and that is to let you get on with your work. In the name of Allah SWT, *Bismilah Hirrahmanirrahim*, I declare the “**Indonesia Infrastructure Summit 2005**” open.

I wish you all success in your deliberations.

Thank you.